

WEESAW TOWNSHIP
BERRIEN COUNTY, MICHIGAN
FINANCIAL REPORT WITH SUPPLEMENTAL INFORMATION
March 31, 2005

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

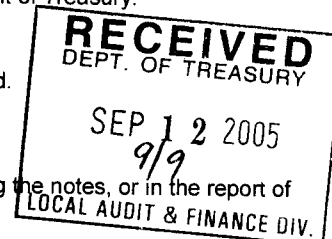
Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name WEESAW TOWNSHIP	County BERRIEN
Audit Date 3/31/05	Opinion Date 8/19/05	Date Accountant Report Submitted to State: 9/6/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations



You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) MCMURRAY, MARKS & EDMUNDS			
Street Address 805 VAN BRUNT AVENUE		City ST. JOSEPH	State MI
Accountant Signature <i>Michael W. Jay</i>		ZIP 49085	Date 9/6/05

TOWNSHIP BOARD MEMBERS

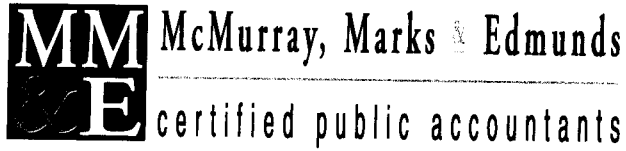
<u>Office</u>		<u>Elected Official</u>	<u>Term Expires</u>
Supervisor	-	Dave Heininger	11/2008
Clerk	-	Mary Ann Wittlieff	11/2008
Treasurer	-	Jane Tackitt	11/2008
Trustee	-	Kay English	11/2008
Trustee	-	Gene Clements	11/2008

OTHER TOWNSHIP SERVICES

Township Assessor	-	Allen Boyd
Fire Chief	-	Charles Sheldon
Interim Ambulance Coordinator-		Cliff Rogers
Electrical Inspector	-	Ed Steinke
Zoning Administration	-	Paulous Kittleson

Contents

Independent Auditor's Report	1
Fund Financial Statements:	
Balance Sheet – Governmental Funds	2
Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds	3
Proprietary Fund:	
Balance Sheet	4
Income Statement	5
Statement of Cash Flows	6
Fiduciary Fund:	
Statement of Fiduciary Net Assets	7
Notes to the Financial Statements	8-18
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	19
Budgetary Comparison Schedule – Ambulance Fund	20
Budgetary Comparison Schedule – Special Fire Fund	21
Budgetary Comparison Schedule – Debt Retirement Fund	22
Other Supplemental Information	
Combining Balance Sheet – Nonmajor Governmental Funds	23
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	24



Independent Auditor's Report

Members of the Township Board
Weesaw Township, Michigan

We have audited the accompanying financial statements of each major fund, and the aggregate remaining fund information of Weesaw Township, Michigan, as of and for the year ended March 31, 2005 as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying financial statements do not present government-wide financial statements to display the financial position and changes in financial position of its government activities and business type activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for Weesaw Township's governmental activities and business type activities are not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Weesaw Township, Michigan, as of March 31, 2005, and the results of its operations and the cash flows of its proprietary fund types for the year then ended.

The accompanying financial statements also do not include a Management's Discussion and Analysis, which would present an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Weesaw Township's basic financial statement. The accompanying other supplemental information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

McMurray, Marks & Edmunds

McMurray, Marks & Edmunds
St. Joseph, Michigan
August 19, 2005

805 Van Brunt Ave., P.O. Box 47, St. Joseph, Michigan 49085 ♦ Phone: (269) 983-0131 FAX: (269) 983-0335

WEESAW TOWNSHIP

BALANCE SHEET GOVERNMENTAL FUNDS MARCH 31, 2005

	General	Ambulance	Special Fire	Debt Retirement	Non-Major Governmental Funds	Total
Assets						
Cash and investments	\$ 845,723	\$ 162,461	\$ 137,102	\$ 34,135	\$ 109,644	\$ 1,289,065
Receivables	3,655	4,427	3,905	-	-	11,987
State Shared Revenue Receivable	23,923	-	-	-	-	23,923
Due from fiduciary fund	3,192	155	117	-	-	3,464
Due from other governmental funds	-	-	87	-	-	87
Total Assets	<u>\$ 876,493</u>	<u>\$ 167,043</u>	<u>\$ 141,211</u>	<u>\$ 34,135</u>	<u>\$ 109,644</u>	<u>\$ 1,328,526</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 449	\$ 376	\$ 159	\$ -	\$ -	\$ 984
Due to proprietary fund	41	-	-	-	-	41
Due to other governmental funds	-	-	-	-	87	87
Total Liabilities	<u>\$ 490</u>	<u>\$ 376</u>	<u>\$ 159</u>	<u>\$ -</u>	<u>\$ 87</u>	<u>\$ 1,112</u>
Fund Balances						
Reserved for debt service	\$ -	\$ -	\$ -	\$ 34,135	\$ -	\$ 34,135
Designated (Note 1)	98,031	-	-	-	-	98,031
Unreserved and undesignated	777,972	-	-	-	-	777,972
Unreserved and undesignated - ambulance	-	166,667	-	-	-	166,667
Unreserved and undesignated - special fire	-	-	141,052	-	-	141,052
Unreserved and undesignated - cemetery trust	-	-	-	-	89,704	89,704
Unreserved and undesignated - fire truck	-	-	-	-	19,853	19,853
Total Fund Balances	<u>\$ 876,003</u>	<u>\$ 166,667</u>	<u>\$ 141,052</u>	<u>\$ 34,135</u>	<u>\$ 109,557</u>	<u>\$ 1,327,414</u>
Total Liabilities and Fund Balances	<u>\$ 876,493</u>	<u>\$ 167,043</u>	<u>\$ 141,211</u>	<u>\$ 34,135</u>	<u>\$ 109,644</u>	<u>\$ 1,328,526</u>

See accompanying notes to the financial statements.

WEESAW TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS MARCH 31, 2005

	General	Ambulance	Special Fire	Debt Retirement	Non-Major Governmental Funds	Total
Revenues						
Property taxes	\$ 53,738	\$ 71,434	\$ 56,431	\$ 13,908	\$ -	\$ 195,511
Building and electrical permits	2,561	-	-	-	-	2,561
State shared revenues	142,685	-	-	-	-	142,685
Charges for services	3,249	5,516	500	-	-	9,265
Cemetery lot sales	-	-	-	-	-	-
Interest income	15,869	894	-	-	2,700	2,700
Miscellaneous	1,669	50	1,176	241	653	18,833
Total Revenues	<u>\$ 219,771</u>	<u>\$ 77,894</u>	<u>\$ 58,107</u>	<u>\$ 14,149</u>	<u>\$ 3,353</u>	<u>\$ 373,274</u>
Expenditures						
Current:						
General government	\$ 104,695	\$ -	\$ -	\$ -	\$ -	\$ 104,695
Public safety	4,703	66,193	43,644	-	-	114,540
Public works	14,581	-	-	-	-	14,581
Capital outlay	4,413	-	17,056	-	-	21,469
Total Expenditures	<u>\$ 128,392</u>	<u>\$ 66,193</u>	<u>\$ 60,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 255,285</u>
Excess of Revenues over (Under) Expenditures	<u>\$ 91,379</u>	<u>\$ 11,701</u>	<u>\$ (2,593)</u>	<u>\$ 14,149</u>	<u>\$ 3,353</u>	<u>\$ 117,989</u>
Other Financing Sources (Uses)						
Operating transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payment to bond escrow agent	-	-	-	-	-	-
Principal	-	-	-	(8,000)	-	(8,000)
Interest and fees	-	-	-	(8,049)	-	(8,049)
Operating transfers out	(100,000)	-	-	-	-	(100,000)
Total Other Financing Sources (Uses)	<u>\$ (100,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16,049)</u>	<u>\$ -</u>	<u>\$ (116,049)</u>
Excess of Revenues over (Under) Expenditures and Other Financing Sources(Uses)	<u>\$ (8,621)</u>	<u>\$ 11,701</u>	<u>\$ (2,593)</u>	<u>\$ (1,900)</u>	<u>\$ 3,353</u>	<u>\$ 1,940</u>
Fund Balances - Beginning of year	<u>884,624</u>	<u>154,966</u>	<u>143,645</u>	<u>36,035</u>	<u>106,204</u>	<u>1,325,474</u>
Fund Balances - End of year	<u>\$ 876,003</u>	<u>\$ 166,667</u>	<u>\$ 141,052</u>	<u>\$ 34,135</u>	<u>\$ 109,557</u>	<u>\$ 1,327,414</u>

See accompanying notes to the financial statements.

WEESAW TOWNSHIP**BALANCE SHEET
PROPRIETARY FUND
MARCH 31, 2005****Enterprise Fund
Water & Sewer****Assets****Current assets:**

Cash and investments	\$ 290,191
Receivables	11,029
Special assessment receivable, current portion	18,688
Due from governmental funds	41
Total current assets	\$ 319,949

Noncurrent assets:

Capital assets:

Water and sewer lines	\$ 893,236
Less accumulated depreciation	(100,489)
Special assessment receivable, noncurrent portion	157,780
Total noncurrent assets	\$ 950,527

Total assets**\$ 1,270,476****Liabilities****Current liabilities:**

Accounts Payable	\$ 6
Notes payable, current	42,406

Long-term liabilities:

Notes payable, less current portion	392,392
Total liabilities	\$ 434,804

Net Assets

Invested in capital assets, net of related debt	\$ 357,949
Unrestricted	477,723
Total Net Assets	\$ 835,672

Total liabilities and net assets**\$ 1,270,476***See accompanying notes to the financial statements.*

WEESAW TOWNSHIP**INCOME STATEMENT
PROPRIETARY FUND
MARCH 31, 2005**

	<u>Enterprise Fund Water & Sewer</u>
Operating Revenues	
Monthly sewer fees	\$ 26,478
Connection fees	-
Water fees	44
Delinquent fees	4,613
Total operating revenues	<u>\$ 31,135</u>
Operating Expenses	
Waste removal costs	\$ 4,422
Electric	935
Office expense	693
Connection costs	182
Repairs and maintenance	827
Insurance	361
Legal fees	4,186
Depreciation	20,098
Total operating expenses	<u>\$ 31,704</u>
Operating Loss	<u>\$ (569)</u>
Nonoperating Revenues (Expenses)	
Interest income	\$ 1,460
Interest expense	(12,058)
Total nonoperating expenses	<u>\$ (10,598)</u>
Loss before contributions and transfers in	<u>\$ (11,167)</u>
Transfers in	<u>100,000</u>
Change in net assets	<u>\$ 88,833</u>
Net assets- beginning of year	<u>746,839</u>
Net assets- end of year	<u><u>\$ 835,672</u></u>

See accompanying notes to the financial statements.

WEESAW TOWNSHIP**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
MARCH 31, 2005**

	<u>Enterprise Fund Water & Sewer</u>
Cash Flows from Operating Activities	
Receipts from customers	\$ 64,820
Payments to suppliers for goods or services	(11,607)
Net cash provided by operating activities	<u>\$ 53,213</u>
Cash Flows from Noncapital Financing Activities	
Transfers in	<u>\$ 100,000</u>
Cash Flows from Capital and Related Financing Activities	
Interest paid on notes payable	\$ (12,058)
Principal payments on notes payable	(51,300)
Net cash used in capital and related financing activities	<u>\$ (63,358)</u>
Cash Flows from Investing Activities	
Interest on temporary investments	<u>\$ 1,460</u>
Net cash provided by capital and related financing activities	<u>\$ 1,460</u>
Net increase in cash and cash equivalents	\$ 91,315
Cash and cash equivalents - beginning of year	<u>198,876</u>
Cash and cash equivalents - end of year	<u><u>\$ 290,191</u></u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating Loss	\$ (569)
<i>Adjustments to reconcile operating loss to net cash provided by operating activities:</i>	
Depreciation	20,098
<i>Change in current assets and liabilities:</i>	
Receivables	(7,024)
Due from governmental funds	-
Special assessment receivable	40,702
Accounts payable	6
Net cash provided by operating activities	<u><u>\$ 53,213</u></u>

See accompanying notes to the financial statements.

WEESAW TOWNSHIP

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
MARCH 31, 2005

	<u>Agency Fund- Property Tax</u>
Assets:	
Cash and cash equivalents	<u>\$ 3,464</u>
Liabilities:	
Due to governmental funds	<u>\$ 3,464</u>
	<u>\$ 3,464</u>

See accompanying notes to the financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Weesaw Township (the "Township") complies with United States Generally Accepted Accounting Principles ("GAAP"). The Township's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements except certain items of GASB #34. Proprietary funds and similar component units apply Financial Accounting Standards (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

Reporting Entity

The Township is governed by an elected five-member Board. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board ("GASB") for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the Township's reporting entity, and which organizations are legally separate, component units of the Township. Based on the application of the criteria, the Township does not contain any component units.

Government Wide and Fund Financial Statements

The Government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Township financial statements do not present government wide statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Government-Wide Statements — The government-wide financial statements, if presented, are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, state revenue and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Fund Based Statements — Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and severance pay, are recorded only when payment is due.

Property taxes, state shared revenues, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government. The fiduciary fund statement is also reported using the economic resources measurement focus and the accrual basis of accounting.

Proprietary Fund-Based Statements — Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Township reports the following major governmental funds:

Major Funds

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the government, except those required to be accounted for in another fund.

The Ambulance Fund is the Township's public safety fund whose financial resources are specifically set aside for ambulance services.

The Special Fire Fund is the Township's public safety fund whose financial resources are specifically set aside for fire services.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Debt Retirement Fund is the Township's debt service fund whose financial resources are specifically set aside for principal and interest payments on the Township's debt.

Other Funds— Additionally, the government reports the following other types of funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

Proprietary Funds are accounted for using the economic resources measurement focus; the accounting objectives are a determination of net income, financial position, and cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its balance sheet.

Fiduciary Funds are used to account for assets held by the Township in a trustee capacity or as an agent. Fiduciary Fund net assets and results of operations are not included in the government-wide statements. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Township presently maintains a tax fund to record receipts and disbursements of monies for property tax collections.

Assets, Liabilities, and Net Assets or Equity

Deposits and Investments — Cash and cash equivalents include cash on hand, demand deposits and short-term investments with a maturity of three months or less when acquired.

Receivables and Payables — In general, outstanding balances between funds are reported as "due to/from other funds". Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "operating transfers to/from other funds."

Property tax and other trade receivables are shown net of an allowance for uncollectible amounts. For Weesaw Township taxpayers, properties are assessed as of December 31 and the related property taxes are levied and become a lien on March 1. The final collection date is February 28, after which uncollected taxes are added to the Berrien County delinquent tax rolls.

The State of Michigan utilizes both constitutional and statutory payments for revenue sharing amounts based on a formula using taxable value and population factors within the Township.

Prepaid Items — certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in the fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets — Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable column in the proprietary fund financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extended asset life are not capitalized. Buildings, equipment, and water and sewer lines of the proprietary fund are depreciated using the straight-line method over the following useful lives:

Water and sewer lines	40-50 years
Buildings	20-50 years
Land Improvements	10-20 years

Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, have not been capitalized. The amount of infrastructure assets that should have been capitalized is not determinable.

Compensated Absences — The Township's policy is to grant approval for vacation, sick or personal leave on an as requested basis, and it does not allow any time to accumulate or accrue; therefore, no liability has been recorded in the financial statements.

Long-Term Obligations — In the government-wide and proprietary financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Government-wide statements are not presented.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Balance — In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

The Township's designated funds consist of the following:

	2005
Budget deficit '05 - '06	\$ 98,031

Comparative Data — Comparative data is not included in the government's financial statements.

Estimates — The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Accounting — The Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* ("GASB 34"). Changes to the Township's financial statements as a result of GASB 34 do not reflect the following:

A Management's Discussion and Analysis ("MD&A") section providing analysis of the Township's overall financial position and results of operations has not been included and a Government-wide financial statements (Statement of Net Assets and Statement of Activities) prepared using full accrual accounting for all of the Township Government's activities have not been provided.

Operating Revenues and Expenses — Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the government Enterprise Fund, of the Water and Sewer Funds are charges to customers for sales and services. The government also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Contributions of Capital — Contributions of capital in the proprietary fund arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Extraordinary and Special Items — Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Township and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year ended March 31, 2005.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information — Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the general, ambulance, special fire, and debt retirement funds. All annual appropriations lapse at year end.

Each fund's appropriated budget is prepared on a cost center basis. Revenues are budgeted by source. Expenditures are budgeted by department. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review by the Township Board. Within these control levels, management may transfer appropriations without Board approval. There was one amendment made to the budget during the fiscal year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be re-appropriated and honored during the subsequent year. There were no encumbrances at year-end.

Excess of Expenditures Over Appropriations in Budgeted Funds — The Township did not have significant expenditure budget variances.

NOTE 3. PROPERTY TAXES AND PROPERTY TAX CALENDAR

Property taxes are accrued when levied. The Township assesses and collects property taxes for the Township, State of Michigan, the school districts of River Valley and Galien as well as Berrien County. These units are paid their proportionate share of tax monies as collections are made.

Revenue Recognition — The Township recognizes the December 1 property tax levy in the same fiscal year. The County of Berrien, Michigan purchases all delinquent real property taxes and usually remits payment within in the normal 60 day period from its revolving fund. Uncollected personal property taxes are negligible.

Tax Levy Dates and Applicable Budget Years — The Township has a fiscal year ending March 31. December 1 of each year is the tax levy date. The tax levy of December 1, 2004 is for the year ending March 31, 2005.

Due Date — Uncollected property taxes become delinquent and attach as an enforceable lien on the related property as of March 1, of the following year.

Millage Rates — the following represents the taxable value and mileage rates for the Township at December 1, 2004:

Taxable Value		Millage Rate		
Homestead	Non-Homestead	General	Ambulance	Special Fire
42,623,569	14,148,206	0.8650	0.9903	1.2870

NOTE 4. DEPOSITS AND INVESTMENTS

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Funds	Proprietary Funds	Fiduciary Funds	Total Primary Government
Cash and cash equivalents	\$ 1,017,930	\$ 290,191	\$ 3,464	\$ 1,311,585
Certificate of deposits	271,135	-	-	271,135
	<u>\$ 1,289,065</u>	<u>\$ 290,191</u>	<u>\$ 3,464</u>	<u>\$ 1,582,720</u>

The breakdown between deposits and investments for the Township is as follows:

Deposits (checking and savings accounts)	\$ 1,311,585
Certificate of deposits	271,135
Petty cash and cash on hand	-
	<u>\$ 1,582,720</u>

The deposits of the Township were reflected in the accounts of the Financial Institution at \$1,627,520, of which \$200,000 is covered by federal depository insurance. State statutes and the Township's investment policy authorize the government to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan; the government is allowed to invest in U.S. Treasury or Agency obligation, U.S. Government repurchases agreements, bankers' acceptances, commercial paper rated prime at the time of purchases which mature not more than 270 days after the date of purchases, mutual funds and investment pools that are composed of authorized investment vehicles. The Township's deposits are in accordance with statutory authority.

NOTE 5. INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS

A summary of inter-fund receivables, payables and transfer, none of which are unusual or inconsistent for the fund, for the year ended March 31, 2005 are as follows:

Due To/From Other Funds:

Receivable Fund	Payable Fund	Amount
Proprietary Fund	General Fund	\$ 41
General Fund	Fiduciary Fund	3,192
Ambulance Fund	Fiduciary Fund	155
Special Fire Fund	Fiduciary Fund	117
Special Fire Fund	Nonmajor Governmental Funds	87
		<u>\$ 3,592</u>

NOTE 5. INTER-FUND RECEIVABLES AND PAYABLES, (CONCLUDED)

The majority of inter-fund receivables and payables relate to the collection of property taxes within the fiduciary fund on behalf of the Township and need to be remitted to the respective government fund.

Interfund Transfers

Transfer In:	Transfer Out:	Amount
Proprietary Fund	General Fund	\$ 100,000

The transfer was to help subsidize the California/Weechik Sewer and Water project note payable.

NOTE 6. RECEIVABLES AND PAYABLES

Receivables as of year-end for the Township's individual major funds, non-major funds, proprietary funds and fiduciary funds in the aggregate, including any allowance for uncollectible amounts are as follows:

	Governmental Funds	Proprietary Fund	Total	Due Within One Year
Receivables:				
Special Assessment	\$ -	\$ 176,468	\$ 176,468	\$ 18,688
State Shared Revenue	23,923	-	23,923	23,923
Trade	596	5,686	6,282	6,282
Property Taxes	11,391	5,343	16,734	16,734
	<u>\$ 35,910</u>	<u>\$ 187,497</u>	<u>\$ 223,407</u>	<u>\$ 65,627</u>

Payables as of year-end for the Township's individual major funds, non-major, proprietary and fiduciary funds in the aggregate, are \$990.

NOTE 7. CONTINGENCIES

The Township is a potentially responsible party and under consent order with the State of Michigan Department of Environmental Quality concerning the Township's sewage capacity. Although a liability has not been recorded as of March 31, 2005, the Township estimates that it may be required to pay environmental remediation costs related to the order ranging in the amount between \$20,000 and \$30,000.

NOTE 8. LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended March 31, 2004:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Governmental Funds:</i>					
Bonds	\$ 141,000	\$ -	\$ (8,000)	\$ 133,000	\$ 8,000
Notes Payable	-	-	-	-	-
Total bonds and notes payable	\$ 141,000	\$ -	\$ (8,000)	\$ 133,000	\$ 8,000
<i>Proprietary Funds:</i>					
Notes Payable	\$ 486,098	\$ -	\$ (51,300)	\$ 434,798	\$ 51,406
Total bonds and notes payable	\$ 486,098	\$ -	\$ (51,300)	\$ 434,798	\$ 51,406
Total Long-term debt and other	\$ 627,098	\$ -	\$ (59,300)	\$ 567,798	\$ 59,406

Annual debt service requirements to maturity for the above long-term debt bond are as follows:

<i>Governmental Activities:</i>			
	Principal	Interest	Total
2006	\$ 51,406	\$ 28,188	\$ 79,594
2007	53,566	25,469	79,035
2008	56,836	22,740	79,576
2009	59,223	19,839	79,062
2010	62,730	16,811	79,541
2011-2015	259,037	35,859	294,896
2016-2017	25,000	2,800	27,800
	<u>\$ 567,798</u>	<u>\$ 151,706</u>	<u>\$ 719,504</u>

Interest expense of \$7,755 was charged to the non-major debt retirement fund and \$12,058 of interest expense was charged to operations for the proprietary fund.

NOTE 8. LONG-TERM DEBT (CONCLUDED)***Governmental Funds:***

General obligation bonds consist of:

\$185,000 - Construction bonds for Baldwin Road/Sawyer Road Special Assessment District payable in multiples of \$1,000 through February 1, 2017; interest varies, not to exceed 7%. \$ 133,000

Total bonds payable \$ 133,000

Proprietary Funds:

General obligations consist of:

\$515,127 -MI Strategic Fund Community Development Block Grant Program Note for California/Weechik Road Sewer and Water Project payable in quarterly installments through June 30, 2014; interest at 5%. \$ 434,798

Total notes payable \$ 434,798

NOTE 9. POST EMPLOYMENT BENEFITS

The Township does not provide post employment benefits for any of its employees.

NOTE 10. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions, injuries to employees, and natural disasters. The Township obtains general liability insurance to cover those risks at a cost it considers to be economically justifiable.

The Township also carries commercial insurance for all other risks of loss, including workers' compensation, employee health and accident insurance, and errors and omissions. Settled claims, if any, resulting from these risks have not exceeded commercial insurance coverage.

NOTE 11. SCHEDULE OF REVENUES AND EXPENDITURES FOR CONSTRUCTION ENFORCING AGENCIES

The Township charges fees for the inspection of electrical permits. These fees charged are not intended to recover the full cost of the enforcing agency and the related revenues and costs are tracked within the general fund. Pursuant to public Act 245 of 1999, the following schedule shows the breakdown of the related revenues and expenditures:

	For the Year Ended 3/31/2005
Revenues	
Fee charges	\$ 2,561
Expenditures	
Contracted services	(2,561)
Revenues over Expenditures	<u>\$ -</u>

NOTE 12. CAPITAL ASSETS – PROPRIETARY FUND

Capital asset activity of the Township's Proprietary Fund was as follows:

	Balance April 1, 2004	Additions	Disposals and Adjustments	Balance March 31, 2005
Capital assets being depreciated:				
Water and sewer lines	\$ 893,236	<u>\$ -</u>	<u>\$ -</u>	\$ 893,236
Accumulated depreciation:				
Water and sewer lines	<u>80,391</u>	<u>\$ 20,098</u>	<u>\$ -</u>	<u>100,489</u>
Net capital assets being depreciated	<u>\$ 812,845</u>			<u>\$ 792,747</u>
Net capital assets	<u>\$ 812,845</u>			<u>\$ 792,747</u>

Depreciation for the year was \$20,098 booked as an operating expense.

**REQUIRED SUPPLEMENTAL
INFORMATION**

WEESAW TOWNSHIP**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE — GENERAL FUND
MARCH 31, 2005**

	Original Budget	Final Amended Budget	Actual
Revenues			
Property taxes	\$ 46,966	\$ 47,427	\$ 53,738
Electrical permits	3,700	3,700	2,561
State shared revenues	144,162	137,182	142,685
Charges for services	885	885	3,249
Interest income	5,000	5,000	15,869
Miscellaneous	5,842	1,341	1,669
Total Revenues	\$ 206,555	\$ 195,535	\$ 219,771
Expenditures			
Current:			
General government:			
Township board	\$ 39,353	\$ 33,503	\$ 39,618
Supervisor's office	9,854	9,854	9,427
Treasurer's office	19,412	19,292	15,829
Elections	6,091	5,553	6,732
Assessor	7,850	7,850	6,535
Clerk's office	15,648	13,215	13,633
Cemetery	16,350	13,350	12,921
Public safety			
Board of review	2,477	2,477	636
Zoning administrator	15,015	15,015	2,203
Zoning board and appeals	12,705	12,355	1,864
Public works			
Roads	20,000	20,000	8,228
Highway lighting	5,000	5,000	5,437
Water/refuse collection	1,950	1,950	916
Drains	8,000	8,000	4,413
Capital outlay	-	-	-
Total Expenditures	\$ 179,705	\$ 167,414	\$ 128,392
Excess of Revenues over Expenditures b/f other financing sources(uses)	\$ 26,850	\$ 28,121	\$ 91,379
Other Financing Sources (Uses)			
Operating transfers out	(100,000)	(100,000)	(100,000)
Deficiency of Revenues under Expenditures and Other Financing Sources(Uses)	\$ (73,150)	\$ (71,879)	\$ (8,621)
Fund Balances - Beginning of year	884,624	884,624	884,624
Fund Balances - End of year	\$ 811,474	\$ 812,745	\$ 876,003

WEESAW TOWNSHIP**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE — AMBULANCE FUND
MARCH 31, 2005**

	Original Budget	Final Amended Budget	Actual
Revenues			
Property taxes	\$ 70,145	\$ 70,145	\$ 71,434
Charges for services	5,000	5,000	5,516
Interest income	1,000	1,000	894
Miscellaneous	-	-	50
Total Revenues	<u>\$ 76,145</u>	<u>\$ 76,145</u>	<u>\$ 77,894</u>
Expenditures			
Current:			
Public safety			
Ambulance	\$ 81,013	\$ 81,013	\$ 66,193
Capital outlay	-	-	-
Total Expenditures	<u>\$ 81,013</u>	<u>\$ 81,013</u>	<u>\$ 66,193</u>
Excess (Deficiency) of Revenues over (under) Expenditures	\$ (4,868)	\$ (4,868)	\$ 11,701
Fund Balances - Beginning of year	154,966	154,966	154,966
Fund Balances - End of year	<u>\$ 150,098</u>	<u>\$ 150,098</u>	<u>\$ 166,667</u>

WEESAW TOWNSHIP**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE — SPECIAL FIRE FUND
MARCH 31, 2005**

	Original Budget	Final Amended Budget	Actual
Revenues			
Property taxes	\$ 60,000	\$ 60,000	\$ 56,431
Charges for services	5,000	5,000	500
Interest income	1,000	1,000	1,176
Miscellaneous	-	-	-
Total Revenues	<u>\$ 66,000</u>	<u>\$ 66,000</u>	<u>\$ 58,107</u>
Expenditures			
Current:			
Public safety:			
Fire	\$ 33,193	\$ 33,193	\$ 43,644
Capital outlay	31,000	31,000	17,056
Total Expenditures	<u>\$ 64,193</u>	<u>\$ 64,193</u>	<u>\$ 60,700</u>
Excess (Deficiency) of Revenues over (under) Expenditures	\$ 1,807	\$ 1,807	\$ (2,593)
Fund Balances - Beginning of year	143,645	143,645	143,645
Fund Balances - End of year	<u>\$ 145,452</u>	<u>\$ 145,452</u>	<u>\$ 141,052</u>

WEESAW TOWNSHIP**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE — DEBT RETIREMENT FUND
MARCH 31, 2005**

	Original Budget	Final Amended Budget	Actual
Revenues			
Property taxes	\$ 18,558	\$ 18,558	\$ 13,908
Interest income	200	200	241
Total Revenues	<u>\$ 18,758</u>	<u>\$ 18,758</u>	<u>\$ 14,149</u>
 Excess of Revenues over Expenditures	 <u>\$ 18,758</u>	 <u>\$ 18,758</u>	 <u>\$ 14,149</u>
 Other Financing Sources (Uses)			
Principal retirements	\$ (8,000)	\$ (8,000)	\$ (8,000)
Interest and fiscal charges	(4,138)	(4,138)	(8,049)
Total Other Financing Sources	<u>\$ (12,138)</u>	<u>\$ (12,138)</u>	<u>\$ (16,049)</u>
Excess(Deficiency) of Revenues over(under)Expenditures and other financing sources (uses)	 <u>\$ 6,620</u>	 <u>\$ 6,620</u>	 <u>\$ (1,900)</u>
Fund Balances - Beginning of year	<u>36,035</u>	<u>36,035</u>	<u>36,035</u>
Fund Balances - End of year	<u><u>\$ 42,655</u></u>	<u><u>\$ 42,655</u></u>	<u><u>\$ 34,135</u></u>

**OTHER SUPPLEMENTAL
INFORMATION**

WEESAW TOWNSHIP**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
MARCH 31, 2005**

	Cemetery Trust	Fire Truck	Total Non- Major Govern- mental Funds
Assets			
Cash and investments	\$ 89,704	\$ 19,940	\$ 109,644
Due from fiduciary fund	-	-	-
Total Assets	\$ 89,704	\$ 19,940	\$ 109,644
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Due to other governmental funds	-	87	87
Total Liabilities	\$ -	\$ 87	\$ 87
Fund Balance			
Unreserved and undesignated - cemetery trust	\$ 89,704	\$ -	\$ 89,704
Unreserved and undesignated - fire truck	-	19,853	19,853
Total Fund Balance	\$ 89,704	\$ 19,853	\$ 109,557
Total Liabilities and Fund Balance	\$ 89,704	\$ 19,940	\$ 109,644

WEESAW TOWNSHIP**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
MARCH 31, 2005**

	Cemetery Trust	Fire Truck	Total Non- Major Govern- mental Funds
Revenues			
Property taxes	\$ -	\$ -	\$ -
Cemetery lot sales	2,700	-	2,700
Interest income	552	101	653
Total Revenues	<u>\$ 3,252</u>	<u>\$ 101</u>	<u>\$ 3,353</u>
Expenditures			
Current:			
Fire	\$ -	\$ -	\$ -
Capital outlay	-	-	-
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess of Revenues over Expenditures	<u>\$ 3,252</u>	<u>\$ 101</u>	<u>\$ 3,353</u>
Fund Balances - Beginning of year	<u>86,452</u>	<u>19,752</u>	<u>106,204</u>
Fund Balances - End of year	<u><u>\$ 89,704</u></u>	<u><u>\$ 19,853</u></u>	<u><u>\$ 109,557</u></u>